



CHAPTER THREE

Affordable Housing

VISION

There is a home for everyone in Carrboro. Carrboro is affordable, safe, and welcoming for all people who want to live in the community, works to prevent displacement of existing residents, advances racial equity and accessible housing, and has a full range of affordable options for all life stages and types of households including BIPOC, low-income households, persons with disabilities, homeless, aging, and previously incarcerated.

Definition of Affordability:

Access to quality housing to households who cannot afford to pay the rent or mortgage without assistance. Standard: units for which a family would pay no more than 30% of their income for rent or 2.5 times their annual income to purchase.

KEY FINDINGS

1. Housing units were built at the most rapid pace between 1970-1990. Since then, annual rate of housing unit development has slowed and is currently at 1%. (Town of Carrboro)
2. For-sale housing prices are escalating rapidly, including a 13% change in the past year, and a 43% increase over the past five years to a current market price of \$348,000. (Zillow.com, June 2021)
3. Rent is rising faster than income as well. Rent on a two-bedroom apartment has increased 29% over four years while median household income rose 11%. (ACS 2014-2018)
4. Seventeen percent of homeowners have housing cost burden, while 49% of renters experience cost burden -- pay over 30% of their household income toward housing expenses. (ACS, 2014-2018)
5. Based on housing affordability versus demand for housing, there is a total affordability gap of 1,078 housing units, including 314 for-sale units and 765 rental units. (ACS, Esri and Freddie Mac Calculator)

RACE AND EQUITY AND CLIMATE ACTION

Race and Equity

Affordable housing strategies and projects have been designed to advance race and equity in the town through:

- Expanding the supply of affordable housing for both homeowners and renters.
- Meet the growing need for affordable housing for residents and employees who would like to live in the Town but cannot find affordable housing currently.
- Reduce the housing cost burden for homeowners and renters.
- Advance the Town's goals to be a welcoming community for all.

Climate Action

The housing strategies and projects aim to advance the Town's Climate Action Plan and Energy and Climate Action Plan through:

- Designing energy-efficient housing to reduce housing costs.
- Locating housing in areas with high transit accessibility to provide transportation options and reduce auto-dependence, which can reduce total housing + transportation costs.
- Working with OWASA to create more affordable water pricing strategies to reduce costs to residents.

While these strategies are identified within the Climate Action and Environment chapter, they are directly related to advancing quality affordable housing options for both current and prospective residents in the Town.

DRAFT METRICS

1. Number of new affordable for-sale homes and number of preserved affordable homes for households up to 80% Area Median Income (AMI)
2. Number of new rental units and number of preserved rental units for households up to 60% of AMI
3. Cost burden and extreme cost burden rate for homeowners are reduced by X% and Y%
4. Cost burden rate and extreme cost burden rate for renters is reduced by X% and Y%

GOALS, STRATEGIES, AND PROJECTS

Goal 1: Increase the number of homeownership units that are permanently affordable with targeted strategies to serve households earning 80% or below with priority to historically disadvantaged and BIPOC households. (Source: Goals & Strategies)

Strategy 1.1: Meet the demand for affordable units for different types of households for households up to 80% of AMI. (Source: best practice)

- a) Identify projected demand for affordable units. (Source: best practice) Develop goals for additional affordable for-sale homes tailored to different price points that are affordable up to 80% AMI at different household sizes.
- b) Match housing strategies to targeted needs by price point and household type. (Source: best practice) Identify strategies and partner organizations that can provide additional affordable units.
- c) Seek funding sources (see Goal 8) to meet the gap in financing additional affordable housing units.



Habitat for Humanity homes under construction on Cobb Street

Strategy 1.2: Reduce barriers to first-time homebuyers and to homeownership retention, particularly among seniors and historically marginalized groups. (Source: Goals & Strategies)

- a) Expand partnerships with organizations that provide housing and credit counseling (Source: Task Force). Seek funding and resources to expand the capacity of organizations that provide homeownership counseling services for new buyers, income-eligible existing homeowners, and prospective homebuyers to expand the pool of eligible applicants and reduce the likelihood of foreclosure.
- b) Encourage cooperative / limited equity housing models to develop or redevelop housing for low- and moderate-income (Source: Interviews). Expand the use of cooperatives and

other limited equity housing models to provide homeownership opportunities to prospective owners that may not otherwise be able to afford their homes. This can be part of mixed-income or stand-alone affordable developments of single-family homes, townhomes, or condominiums.



Through counseling, credit repair, and first time homeowner funds, housing access can be expanded to more households in Carrboro, photo from the Rose Walk neighborhood as an example of attached housing.

Strategy 1.3: Support and build upon the land trust model and investigate other examples to acquire as well as keep housing permanently affordable, such as cooperative housing. (Source: Interviews)

- a) Investigate ways to expand the reach of models such as Community Home Trust, Habitat for Humanity of Orange County, and others to more households and at different income thresholds. Work with partners to expand the land trust model to offer a broader array of tools to preserve affordable housing. This may include limited-equity approaches and/or a program in which existing homeowners can participate in the Home Trust.



The Landings at Winmore is a 58-unit Community Home Trust affordable rental development in Carrboro



Ballentine Neighborhood in the Lake Hogan Farms area developed by Community Home Trust

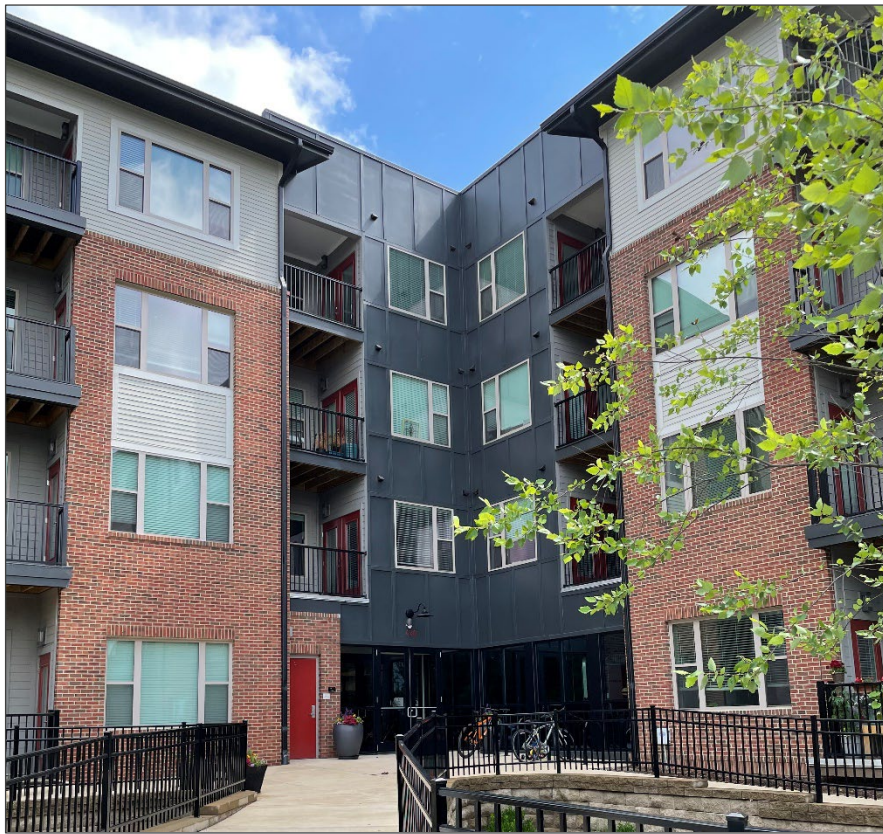
Goal 2. Increase number of rental units that are permanently affordable to individuals and families earning up to 60% of AMI with a particular focus on those earning less than 30% AMI.
(Goals & Strategies)

Strategy 2.1: Create targeted rental programs for extremely low-income households (less than 30% AMI). (Goals & Strategies)

- a) Work with Orange County to support programs that expand use of vouchers and landlord acceptance of housing vouchers (Source: Consolidated Plan). Support the County's efforts to educate landlords on the benefits of accepting vouchers and non-discrimination based on source of income. Support efforts to coordinate ongoing services to voucher-holders to assist them in workforce training, career development, accessing day care or elder care, etc. so that they can build household earnings and therefore more stable housing over time.
- b) Prioritize housing applications to Affordable Housing Fund that reserve at least 20% of its units to extremely low-income households (Source: AHAC). Encourage applicants to the Affordable Housing Fund to reserve units for extremely low-income households and target the Fund's investment to making these projects financially viable.

Strategy 2.2: Ease the pressure on rental prices by increasing affordable rental housing stock, particularly in high-transit areas. (Source: Goals & Strategies)

- a) Partner with existing rental developments to investigate strategic additions of new affordable units (Source: best practice). Provide outreach to owners of existing rental developments to determine interest in adding housing units that meet the goal of at least 15% of new units to be affordable. This can be done by strategic reductions in setbacks, parking requirements or increased number of units to 150% of all, if meeting the affordable housing goal.
- b) Create redevelopment incentives that include affordable housing set-asides for rental housing units (Source: Task Force). Explore the creation of a new affordable housing incentive that is targeted at redevelopment opportunities, to support the creation of new rental units in existing built-up areas. This could be done through an increase in the density bonus, reduction in parking and/or setbacks. Explore the redevelopment of vacant commercial properties for affordable housing.
- c) Encourage the redevelopment of commercial properties to provide affordable housing as a part of mixed-use developments.



Shelton Station includes 20% affordable housing units and is located a short walk to Carr Mill and Downtown Carrboro.

Strategy 2.3: Continue to support rental housing development through the Affordable Housing Fund and leveraging other resources.

- a) Invest in rental housing projects that provide additional units for targeted income groups up to 60% AMI and historically marginalized communities. (AHAC) Expand the toolbox of affordable housing incentives by considering greater incentives for rental units that meet lower income levels at the 30% and 60% AMI levels.
- b) See ways to expand rental units in existing developments through providing additional financial resources and incentives. (Task Force) Target Affordable Housing Fund resources to expansion of new affordable rental through redevelopment agreements.

Goal 3: Diversify and expand a variety of housing options throughout Carrboro using a mixture of affordable housing types. (Source: AHAC, Interviews and Task Force)



A new clubhouse for Club Nova is being built in front of affordable housing along Main Street in Downtown

Strategy 3.1: Expand the provision of Accessory Dwelling Units. (ADUs)

- a) Provide assistance and support for BIPOC, senior and long-term homeowners who are interested in creating ADUs.
- b) Reform ADU standards in the Land Use Ordinance to allow for ADUs on more lots (see Land Use Chapter).
- c) Consider incentives for ADUs that are dedicated as permanently affordable for up to 80% of AMI.

Strategy 3.2: Support affordable housing options for older adults and persons with different abilities (Source: Master Aging Plan - MAP)

- a) Identify sites for active adult, age-restricted housing and accessible housing including criteria such as access to transit, sidewalks, neighborhood amenities, access to food, health care and services (Source: MAP-with additions) Identify sites that are appropriate for affordable housing options for older adults including vacant or underutilized land that is close to amenities and transportation.
- b) Work with partners to identify funding sources for affordable housing for older adults (Source: MAP). Identify funding resources to invest in new or preservation of existing affordable senior housing.



Carolina Spring Senior Apartments is a 124-unit Low-Income Housing Tax Credit project

Strategy 3.3: Preserve existing mobile home parks and identify possible locations for additional mobile and manufactured housing. (modified Goals & Strategies)

- a) Preserve manufactured home communities to create resident-owned communities, acquisition opportunities, land banking, rehab and repair and creation of an early warning system.
- b) Minimize resident displacement due to redevelopment through home construction as a part of redevelopment, master planning, and using publicly owned land.
- c) Create a Relocation Assistance Package through proactive engagement with residents, housing search assistance, identification of open lots, financial assistance for relocation, and securing new housing.

Strategy 3.4: Assist with acquisition of land for affordable housing. (Source: AHAC)

- a) Identify existing Town-owned lands that can be conveyed to affordable housing developers (Source: AHAC). Review all Town-owned land not needed for public facilities to determine suitability for affordable housing and determine value of land in consideration of provision of public benefits.
- b) Partner with affordable housing developers to acquire land for development (Source: Best practice). Consider the use of tools available to the Town to assist affordable housing developers in securing site control for projects that meet the Comprehensive Plan goals and strategies.
- c) Encourage market-rate developers to team with affordable housing developers (Source: best practice). Increase the production of affordable housing by encouraging

development teams to meet multiple Town goals for affordable housing, economic sustainability, and opportunities for BIPOC and local developers.

Goal 4: Maintain and improve the quality of Naturally Occurring Affordable Housing (NOAH).

(Source: modified Goals & Strategies)

Strategy 4.1: Preserve existing for-sale naturally occurring housing.

- a) Continue to provide home repair grants to income-eligible and aging-in-place households (Source: Task Force).

Strategy 4.2: Reduce erosion of rental housing quality and affordability. (Source: Goals & Strategies)

- a) Expand the use of Home Trust and work with property managers/owners to include purchase rehab of rental units to reach lower income levels and as a transition to homeownership or as permanent affordable rental housing. (Source: best practice)

Strategy 4.3: Investigate ways to add additional affordable housing units to existing rental properties. (Source: Task Force)

- a) Work with existing rental property owners to determine ways to add additional affordable housing units and what regulatory and/or financial assistance may be needed (Source: best practice)

Goal 5: Support efforts with Orange County to ensure that all homeless individuals and families have access to safe housing, appropriate services, and a path to permanent housing.

Strategy 5.1: Ensure emergency care and shelter is provided when needed. (Source: Consolidated Plan)

- a) Work with the Continuum of Care partners to address the emergency shelter and transitional housing needs of homeless individuals and families (Source: Consolidated Plan). Identify opportunities among Carrboro-based organizations and housing resources to provide related services to homeless households for both emergency and long-term assistance.

Strategy 5.2: Help extremely low-income households and people experiencing homelessness transition to permanent affordable housing. (Source: Consolidated Plan)

- a) Help those experiencing homelessness (especially people and families experiencing chronic homelessness; families with children; veterans and their families; and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again. (Source: Consolidated Plan)

Strategy 5.3: Prevent homelessness

- a) Help low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs. (Source: Consolidated Plan)

Goal 6: Expand resources targeted to affordable housing.

Strategy 6.1: Continue to invest and improve the Affordable Housing Fund

- a) Provide annual reports on the impact of the Affordable Housing Fund. Continue to provide annual reports on Affordable Housing Fund investments, including recipients, number of households supported, income level and demographics of households, etc.
- b) Monitor the property tax rate to support the Affordable Housing Fund. Review the affordable housing fund property taxes raised on an annual basis and review the impact of the funds.
- c) Develop a campaign to solicit private investments in the Affordable Housing Fund. Consider creating a tax-deductible entity such as a 501 c)3) organization or Housing Trust Fund to raise additional private contributions from residents, businesses and foundations targeted to affordable housing.

Strategy 6.2: Engage the community on the need for affordable housing and explore passage of an Affordable Housing Bond.

- a) Educate the community on the importance of and need for affordable housing. While there was strong support for affordable housing during Carrboro Connects community engagement, there are still many people who do not have adequate information on what affordable housing is and what the benefits can be both for the households served; and maintaining and expanding the diversity of the community.
- b) Determine the programs and projects that could be supported through an Affordable Housing Bond. Conduct community outreach regarding the needs and possible projects.
- c) Determine public support for passing an Affordable Housing Bond. Conduct community outreach and a public survey to determine interest, at what level, and what the targeted uses should be.
- d) If there is public support, place the Affordable Housing Bond referendum on the ballot.

Strategy 6.:3: Pursue state and federal housing grants and programs.

- a) Pursue all relevant grant programs that meet the Town's priorities. Continue to pursue state, federal, foundation and corporate housing funds consistent with the Town's goals.
- b) Advocate for greater affordable housing resources at the state and federal level. Work with North Carolina League of Municipalities to advocate for additional affordable housing resources from down payment assistance to upgrading public housing to new construction and rehabilitation programs.

RELATED STRATEGIES AND PROJECTS IN OTHER CHAPTERS

Climate Action and Environment

- Increase energy and water conservation in new construction and rehabilitation to reduce costs to homeowners and renters.
- Work with OWASA to provide grants for fixture replacement to income-eligible households.

Land Use

- Fully evaluate and reduce housing density restrictions to slow the increase of housing prices and diversify housing stock.
- Preserve and promote the availability of affordable housing near transit.
- Pursue coordinated land use planning for high priority areas.
- Preserve and promote the availability of affordable housing near transit.
- Expand the allowance of Accessory Dwelling Units (ADUs) and tiny homes.
- Explore the creation of an overlay district to preserve mobile home parks.
- Improve the development review process to support the creation of more affordable housing

Transportation

- Investigate and reduce any negative effects of parking requirements on housing costs.